Geol 26-15-(3 to 5)
" Geol 5-15-(1-12)
" 26-15-(1, 2 4 6-12, 15 A)
" 26-14-16' to 17
" 26-15-(11 to 15 B)

G.R.S. IX—5]

*Previous references.*
Geol 57-19-1.
" 60-16-(1-4)
" 90-19-(1-3)
" 36-18-(13 to 14)
" 128-17-(1-41
*Later references.*
Geol 79-22-(1-3)

192 2.

( Geol )

**File No.** 2! 8/22

**Serial Nos.** 1—6

Pressure

(33)

# GENERAL AND REVENUE SECRETARIAT.

*Serial Nos.* 6

**Part B for** January 1923

SUBJECT

Question of levy of a Special low rate of royalty on Manganese Ore exported by the Workington Iron and Steel Company

Secy

To

The Director of Geol
No. D.C 48638 13/1/23

Govt. regret their inability to sanction reduction rate of royalty



BBR

(For Disposal at a Meeting)

No. C. 270

.....of.....1922.

GENERAL AND REVENUE SECRETARIAT.

**Council Matter.**

---

SUBJECT.

(Clause xxiv of the schedule)

Question of levy of a special low rate of royalty on Manganese Ore exported by the Workington Iron and Steel Company.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

B Sambamurti Naidu

*Chief Secretary to Government.*

13th December 1922.

---

**Extraordinary Member of Council.**

**First Member of Council.** Seen.

3895. 13-12-22

**Second Member of Council.** 14/12

**Third Member of Council.**

GENERAL AND REVENUE SECRETARIAT.

( Geol )

NOTES.

File No. 21-22

FILE HEADING.

Reduced Rate of Royalty on low grade Manganese ores

From

The Director of Geology.

No. 204 Dated 11-8-22 Received 12-8-22

Diary No. 751 | 1 | Enclos. | Spare Copies. — | Serial No. 1

BRIEF ABSTRACT OF LETTER.

Forwards for information & orders of Govt Copy of letter dated 15th July 1922 from the Superintendent of the United Steel Companies Ltd, requesting the levy of a special low rate of Royalty on low grade manganese ores &c etc and recommends the rates for reasons explained therein.

NOTES AND ORDERS.

This is not really wanted in this case MB

File regarding the possibility of a further increase in the rates of Royalty on certain minerals (including manganese) prescribed by Govt order of the 2nd Nov. 1920, is being worked up separately. It records a point for consideration whether the recommendation of the Director is feasible.

Submitted for orders.

NOTES—First Sheet. PRN. 23-8-22

This reference paper cannot be worked upon without reference to the previous papers relating to the levy of a low rate of royalty in the case of manganese ores. The Secretary to

751.

Geol 21-22-1.

G.R.S. III—3]

## Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

D 4225.

The files relating to the levy of a lower rate of and of the existing rates of royalty on manganese ores have been burnt for reference with the file relating to the withdrawal of reservation of certain minerals. This file is stated to be under circulation in council & is said to be now before the Second Member of Council.

5 Geol file no 36-18 (6 & 14) regarding the reservation of certain lands in favour of the Workington Iron & Steel Co Ltd has been submitted to the First Member of Council with D no 484. These reference papers will be obtained & submitted as soon as they are available.

HRS
28-8-22

Yrs - Early

Submitted with reference collection.

HRS
8-9-22

I called for a note - Why has not one been put up? HRS

K. V.
Geol 28-20.
Geol 36-18

N.B.—Should routine notes be written on small slips the notes must be copied, or slips pasted on this form.

751

3

21-8-22

G. R. S. III-2.

General and Revenue Secretariat. | Genl File No. 21 of 1922.

Serial No.

3. Please put up all papers with a complete note

Earl

Rule 15(8)

7 Rates of royalty that were being levied on manganese ores & the existing rates are given below.

V E 6 as per ton of ore according to G.O. of 4-12-1906 ~~removed~~ + an additional sum of 2½% on net profits when such net profits exceed 10% of the capital outlay.

According to Rules of 29-10-1910 (in London)

(a) 6 as per ton when the market rate does not exceed 9 d per unit.

(b) For each increase of ½ d or portion thereof per unit an additional royalty of one anna per ton.

7 Rules of ~~12-5-1916~~ 12-7-12

| Average market rate per unit for 50 per cent ore. | Royalty. |
|---|---|
| 9 d and under. | one anna per ton. |
| over 9 d and upto 10 d. | Two annas per ton. |
| For each additional 1 d per unit or portion thereof | An additional two annas per ton. |

Rules of 5-9-1916.

7 Manganese ore — 10 annas per ton.

" of 44% — 6 — do — —

Notification of 2-11-1920.

K Manganese ore — Re as P. 1-4-0. per ton.

do of 44% — 0-12-0. do.

Submitted with references for orders.

Hgs. 12-9-22

NOTE—Contn. sheet.

G. R. S. III-2

General and Revenue Secretariat. | Geol File No. 21 of 1922.

| Serial No. | |
|---|---|
| 1 | Submitted with a draft D.O. letter as directed. Sd/ 13-9-22 [illegible] 14 Sept 1922 |
| 2 | To, Director Dept of Geology. No. 1639 G. 14-9-22 Request to forward early the papers & files relating to the passing of the G.O. No. 1292-1340 G. 4-12-1906 ~~relating~~ under which lower rate of royalty was levied on the manganese ore attached by the above Company |
| 3. | From the Director of Geology 473 & 23-9-22 Forwards the papers referred to. |
| 12 | The Superintendent of the Workington Iron & Steel Co. Ltd pointed out in December 1915 that royalty on manganese went up to an impossible point owing to change of freight, as the market value depended chiefly on freights and the royalty due to Govt would amount to 1-8-0 per ton. owing to such a cause and requested that royalty at the rate of 10 as per ton maximum be levied. The Director of Mines & Geology recommended in April 1916 that a royalty of 5% of sale value subject to a minimum of 8 as per ton of high grade ore and 4 as |

Left

GEN. & REV. SECRETARIAT 16 SEP 1922 DISTRICT COMMERCE ...ATION

D

G

NOTE—Contn. sheet.

Serial No.

per ton of ore containing not more than 44% of manganese ore.

T

The Govt however sanctioned the levy of royalty at the rate of 5% of sale value subject to a minimum of 10 as per ton of high grade ore and 6 as per ton of low grade ore. This rate is being paid by the successors of the company under their mining leases.

If submitted for orders in the recommendation of the Director.

MHS.
7-10-22

IT

Y Z

Submitted with the statements as desired

MHS
18-10-22

1 The sales royalty on manganese ore varies from time to time and noted in the statement below (flag Z).

2 The working in Co- have been granted two mining leases prior to the revising rule sales royalty in 1920 and in latter cases of these mining leases the royalty levied is 10 as & 6 as for high & low grade ore respectively per ton.

3 The requirement is (though this is not quite clear from the letter

NOTE—Contn. sheet.

Serial No.

of the Supdt. of the Company) was
seen in the case of the licensed
leases ~~backs~~ granted and to be
granted under the revised rules
the ~~rates~~ royalty may be fixed at
the lower rate of 10 as & 6 as per ton. The
Dwidi recommends this request for
favourable consideration for reasons given
on page 2 of the file.

19 The Company further requests
that the rate of 10 as & 6 as mentioned
in the case of the existing leases of the
Kumsi & Shankar blocks may further be
reduced in view of the drop in prices. The
Dwidi does not support this request
as the rates are already reasonably low.

20 The requests of the Company are
for orders. It would perhaps be
desirable to consult Dr. Fermor
also in the matter.

18.10.22

Jt. Secy

21 Perhaps Dr Fermor may be
consulted - when royalty is
fixed on the basis of the ore being

NOTE—Contn. sheet.

2494
1921

G. R. S. 'III-2]

General and Revenue Secretariat. | Geol File No. 21 of 1922.

Serial No.

If low grade, perhaps the Department should satisfy itself by inspection, of the fact

3782-167. 6.11.22. First Member

7-11-22 MB

Yes Dr. Sweet may be consulted

Rec 8.11.22

A S B 9.11.22

2.2 Submitted with a draft.

A.S. 9-11-22

24/mc Rec 10/11

4 To,

Dr. W. F. Sweet

No. 3066 G. 13.11.1922.

I do Copies of the letters & its enclosures from the Director of Geology in the matter for favour of his opinion

5 From Dr Sweet no 4318 G 28-11-22

States for reasons given that royalty may be levied at the rate of 10 as and 6 as for high & low grade ores respectively per ton

Submitted for orders.

A.S. 29-11-22

25 Prior to November 1920, R a p. 0-10-0 and 6 as per ton of ~~ores~~ for higher & lower grade ores

15 NOV 1922 GEOL. & MINES BRANCH

NOTE—Contn. sheet.

Serial No.

were being levied. When the question of revising the rates was considered in 1920, Dr Smeeth proposed Re 1-0-0 and 0-9-0 & the Director of Geology proposed 1-4-0 and 0-12-0 per ton of higher & lower grade respectively. Govt directed that the highest of the rates proposed by these two officers be levied.

Geol 23-20

L

L

Adl 30-11-22

Dr Smeeth not only recommends the levy of the Higher rate of royalty of 10 as & 6 as per ton but would go further and introduce a third lower rate of 4 as per ton if it is found possible to get rid of very inferior stuff.

It has been noted that the acceptance of the recommendation would mean that the order increasing the rates will become a dead letter in so far as the working Cos. of Cuddapah White Spr. will be approached & other prospectors also for a similar concession of rates.

The suggestion of allowing a rebate on large quantities of stone would have been entailing difficulties for the difficulties pointed out by

NOTE—Contn. sheet.

Serial No.

Dr Smeeth's memory. However, if it is possible to keep the areas from different areas separate & account for them separately the question of allowing rebate might favourably considered as it would confer benefit upon those who deposit the material in large quantities & the smaller men will not have any reason to complain.

2) As against this however there is the further suggestion made in para 13 & 14 of Dr Smeeth's letter about the manner in which royalty may be levied. If the view here stated is accepted then it would not be possible to store the different ores separately.

3) After all, Dr Smeeth's recommendation to reduce the rates seems to rest mainly on a question of expediency — viz difficulty of differentiating between ores collected from several areas. If however the reduction in royalty rate is likely to result in the mining for lower grade it would perhaps be desirable to

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat. | File No. 21. of 1922.

Serial No.

try the experiment for a temporary period, say one year,

GL Sec'y

30/11/22

1) It is a question whether it should not be first decided whether manganese ~~in this case~~ is required for Iron Works at Bhadravati for making alloy steel. If the manganese is required, ~~then~~ it may not be advisable to relax the conditions which will have the effect of facilitating the export of manganese outside the country. Whether manganese is really required at Bhadravati for making alloy steels is probably a question that will have to be decided on reference to Mr. Perin who is now in the country.

If manganese is not required for the Iron Works get as much money as possible by Dr.Smeeth's proposal that we should ~~suggest~~ royalty, by permitting the export of the low grade ore appears to be a good one. Dr. Smeeth suggests that an independent analysis of the ore for purposes of royalty is not required, and that if the Railway is satisfied with the analysis made by the senders and buyers, the Government may also be satisfied with that analysis. The letter from the Superintendent, United Steel Co., Ltd., to the Director, Geological Department dated 13th July 1922 (Flag B) says that the same analysis basis may be taken as we have guaranteed to the railway companies. It is also

NOTE—Contn. sheet.

Serial No.

stated there that the Mysore Railway has also agreed to give a rebate of 15 per cent on low grade manganese ore meaning 44 per cent and under. Perhaps, the Secretary to Government, Mysore Railways may be consulted on the proposals regarding analysis made by Dr. Smeeth.

In para 6 of his letter to Government dated 28th November 1922 (P.U.D.) Dr. Smeeth says that he would at least advocate the policy of allowing a rebate to any proprietor who is prepared or able to work on a large scale. Dr. Smeeth says that the rebate would lead to certain difficulties of operation and contracting. But the Mysore Railway which has evidently agreed to ~~pay~~ give 15 per cent of rebate appears to find no difficulty in insisting on tonnage of 20,000 tons a year and the Director, Geological Department in para 2 of his letter dated 11th August 1922 says ~~that~~ with respect to the complimations involved ~~on~~ in insisting on tonnage, that it is a matter of little importance so far ~~the~~ as Government is concerned. When it is a question of obtaining a substantial rebate from Government, the Company will probably find it worthwhile to maintain necessary accounts and a test check by the Government Officers occasionaly would probably be enough. When the analysis of the ore is ~~expected~~ accepted on certificates of the senders and buyers, it will not be necessary to insist on more than a test check with respect to area of mining ~~consumption~~. One ~~difficulty~~ advantage of the rebate system would be that it will not apply automatically to the other people who ~~generally~~ do not work on a large scale and the rebate will not be payable unless a large

NOTE—Contn. sheet.

Serial No.

tonnage is actually dealt with by the Company.

Perhaps Mr. Perin may be consulted first and then the Railway Secretary, if Mr. Perin considers that manganese is not required for the Iron Works at Bhadravati.

Repeat Member's minute
of 8.11.22 for orders
by
Member 2-12-22

4580-72
2.12.22

I regret I do not see my way to accept the recommendation made by Mr. Smeeth in favour of the United Steel Coy Ltd. There is no doubt that this Co. under its old name (The Workington I & S Co) did considerable exploitation in the past & are at present also the exporters of the largest quantity of Mn. ore from the State. The rates were enhanced after very careful consideration only quite recently & I do not think it will be advisable to go back to the old lower rates so soon after its for the benefit of this company. As a compromise, I should suggest that a rate of 6 as per ton being levied on ore, the Mn. content of which is less than 35 p.c. I do not see my way to suggest

NOTE.—Contn. sheet.

Serial No.

Any thing more as makers stands. As regards retaliation Rep. the longer lead is on the M.P.M. and I am afraid the M. Reps. will have to come into line with them therefore. Further as regards debate on Rep. it is a matter wh. is best kept to the Imperial Cabinet which is the one most competent in the matter.

Rec'd
12.12

37
Mr Bewes

5/12/22.

The rule was raised with effect from the 1st of April 1920. Mr Smellie knew it was a hardship but pointed out that Japanese rule however was finally altered I do not know what further steps have been taken since the C.P. has been enquired and combined to reduce rule in force. The complaints were made by the Indian community of the rule in force - I know any details of hardship in working the rule - seem that the only alternative is to increase the

NOTE—Contn. sheet.

4.h.12

2484

G. R. S. III-2]

| General and Revenue Secretariat. | File No. | of 19 |
|---|---|---|

Serial No.

In removal of the Delawarr minute before last paper & Council decision.

First Member 6/12/22

4772.26x

9.12.22

SG

Secn

Rec'd

11-12-22

CB circulate

CB 12/12/22

MK

25 12-12-22

NOTE—Contn. sheet.

Subject. -

Question of levy of a special low rate of royalty on manganese ore exported by the Workington Iron & Steel Company.

.....

OPINION OF THE COUNCIL.

2484

G. R. S. III-2

General and Revenue Secretariat. | Geol File No. 21 of 1922.

| Serial No. | |
|---|---|
| | Submitted with a draft |
| | 6-1-23. |
| | 1. For approval |
| | 8/1/23 |
| | 8.1.23 |
| 5530-223 8.1.23. | (1 N. members) |
| | Rev 9.1.23 |
| | 10.1.23 |
| 6 | To, Director, Geology. No. 4363 d. 13.1.23 declines to further revise the rates of Royalty on the several grades of manganese ore for the Co. as it is Commended |

NOTE—Contn. sheet.

Statement showing the rates of royalty that were being levied on manganese and the from time to time.

According to G.O. of 4-12-1906.

6 as per ton of ore removed + an additional sum of 2½ % on net profits when such net profits exceed 10 % of the capital outlay.

According to rules of 29-10-1910.

(a) 6 as per ton when the market rate does not exceed 9 d per unit

(b) For each increase of ½ d or portion thereof per unit — an additional royalty of one anna per ton.

Rules of 12-5-1916.

| Average market rate per unit for 50 per cent ore. | Royalty. |
|---|---|
| 9 d and under. | One anna per ton. |
| Over 9 d and upto 10 d | Two annas per ton |
| For each additional 1d per unit or portion thereof | An additional two annas per ton. |

Rules of 5-9-1916.

| | |
|---|---|
| Manganese ore. (High grade ore). | 10 as per ton |
| of 44 % (low grade ore). | 6 as — do — |

Notification of 2-11-1920.

| | Re As P. | |
|---|---|---|
| Manganese ore (High grade) | 1 — 4 — 0 | per ton |
| of 44 % (low grade) | 0 — 12 — 0 | do |

Statement showing the mineral licenses & leases granted to the United Steel Companies Ltd, Workington Iron & Steel Branch, Panigora for manganese & rates of royalty payable by the company

| | | Royalty |
|---|---|---|
| 1) Mining lease no 141 over a block of 1 sq mile (640 acres) for thirty years from 18-7-13. | | 10 as per ton (high grade ore)<br>6 as .. (low grade ore) |
| 2) Mining lease no 142 | —— do —— | — do — |
| 3) Prospecting license. over 4 sq miles sanctioned on 21-6-1922 | | 1-4-0 per ton (high grade)<br>0-12-0 .do. (low grade) |
| 4) Prospecting license over one sq mile do. | | — do — |
| 5) —— do — | — do — . do — | — do — |

8625.

M G. D. 12.

HC 751

No. 204
Enc 1,

Dated, Bangalore, 11th August 1922.

SECRETARIAT
12 AUG 1922
INDUSTRIES & COMMERCE BRANCH.
12 AUG 1922

Secl. 21-22-g

From

B. JAYA RAM, Esquire, F.G.S.,
*Director, Mysore Geological Department.*

To

B. Venkoba Rao, Esquire, B.A.,
Secretary to the Government of His Highness
the Maharaja of Mysore,
General Department.

Sir,

I have the honour to forward herewith for the information and orders of Government a copy of a letter, dated 13th July 1922, from the Superintendent, of the United Steel Companies, Limited, Workington Iron & Steel Branch, requesting the levy of a special low rate of royalty on low grade manganese ores and a reduction of the rate of royalty payable under their existing mining leases from 10 annas to "a lower figure".

2. The Superintendent represents that attempts are now being made in Europe for establishing a market for manganese ore of low grades - 44% of manganese and under - and that it is only on large tonnage shipment that any real profit may be expected. The Superintendent also says that the Railway Companies including the Mysore Railways allow a rebate of 15 per cent in respect of the low grade ore, but according to the present Rules, we charge a lower rate of royalty at 12 annas per ton against Rs.1-4-0 per ton on high grade ore. In other words the rate charged for low grade is 40% less than that charged for the high grade ore. The United Steel Companies, Ltd., presumably intend

intend to deal with the low-grade ore obtainable from not only their present Kumsi and Shankargudda mining blocks, but also from other blocks to be hereafter taken up by them under prospecting licenses. The existing Rules require the payment of royalty at Rs.1-4-0 per ton for high grade ore and annas 12 per ton for low grade ore. The representation of the Company has much force and I beg to commend it, therefore for the favourable consideration of Government. A considerable amount of preliminary work has been done in the past by the predecessors of the United Steel Companies, Ltd., Workington Iron & Steel Branch, under several relinquished prospecting licenses held by them in the Reserved Area of 13 mile radius round Ayanur which has been re-established by Government at the instance of that Company. (Vide Chief Secretary's letter No.G.318-Geol.36-18-14, dated 28th July 1919). The Government have also in the same letter promised to give, at their discretion, to the Company, from time to time, prospecting blocks within the reserved area. I beg to recommend therefore that in the case of all licenses and leases taken out by them over blocks within the reserved area royalty at 10 annas on high grade ore and at 6 annas on low grade ore, which were the rates in force on the date of the re-establishment of the Reserved Area, Viz., 28th July 1919, may, as a special case, be levied against the rates of Rs.1-8-0 & 12 annas per ton payable under the existing Rules for high grade and low grade ores respectively. The reduced rates now recommended are also the same as those prescribed in the mining leases they already hold over the Kumsi and Shankargudda Blocks. The levy of different rates of royalty for the new licenses or leases may lead to undesirable complications, inasmuch as the ores from the different blocks would then have to be dealt with and accounted for separately. This is no doubt a matter of little importance so far as Government are concerned, but apart from it, the circumstances of the case do warrant a reduction of the rates of royalty as urged by the Company if the low

grade ore should be made marketable and worked with some profit.

3. With regard to the Company's request for a reduction of the present rate of royalty of 10 annas per ton payable under the existing leases of the Kumsi and Shankargudda Blocks the grounds upon which the reduction is asked for are, that the rate of 10 annas was imposed in War time, that it covered the best ores - 47 % of manganese and over - and that their average percentage has of late been about 44% with the consequent drop in the price of the ore in Europe by 15 shillings per ton. The rate of 10 annas per ton is payable only in respect of ore containing more than 44% of manganese and on ore of a lower percentage of manganese, a royalty of six annas per ton is required to be paid under the existing leases. I do not, therefore, see any hardship which would justify a reduction as urged by the Superintendent of the Company, especially in view of the fact that the present general rates are twice as much as those payable by the said Company.

I have the honour to be,
Sir,
Your most obedient servant,

B. Jagannath

Director,
Mysore Geological Department

C.N.

Letter, dated 13th July 1922, from the Superintendent, The United Steel Companies, Limited, Workington Iron and Steel Branch, Shimoga, to the Director, Mysore Geological Department.

---

ROYALTIES ON LOW GRADE ORES.

We have the honour to inform you re. our low grade ores as follows:-

Type of Ore. Low grades meaning 44% and under, base percentage condition on which a rebate of 15% is allowed by Railway Companies including The Mysore Railways. In view of the establishing of a market (now being attempted in Europe and England) for the above class of mineral it is necessary to endeavour to establish in this country a low Railway Freight, low mining costs including a low royalty, to enable the transhipping of the ore to England or Europe - the margin at its best is only a few pence, and considering the long lead to Marmugao Port it behaves us to see that everything coincides. It is on the large tonnage shipped that any real profit may be expected, having already fixed the rebate on normal Manganese ore freight with the Mysore Railway and M.S. M. Railway and also having fixed the working costs at Mines, etc., we now have the honour to apply for a special low rate of royalty on this class of mineral and the same analysis basis may be taken as we have guaranteed to the Railway Companies. Further we beg that Government may be pleased to reduce the nigh rate of royalty already existing on higher grade ores from 10 annas to a lower figure: this figure of annas ten was imposed upon us in war time, and covered the best ores say ores 47% and over, but we beg to point out that since the Central Kumsi Deposit has been exhausted our average percentage is about 44% manganese and the difference in the market values are therefore considerable for instance, a 48% to 52% basis might be s.1/- per unit the 44% will be down to 9 d. per unit. Your 48% would be worth 48/- shillings per ton: your 44% at 9 d. per unit would be worth 33/- shillings per ton: a drop of 15 shillings per ton in

the value of the ore in Europe and it is for this reason that we ask you to urgently consider the case laid down herein.

---

"Copy"

B. Lawrence Dames

Director,

Mysore Geological Department.

G. R. S. VI—G/32]

SUBJECT.....

.....

.....

*Diary No. of letter replied to* 757

General and Revenue Secretariat

( )

*, the* *191* .

Date of issue 14-9-22

Signed by M N & R. Bon

**Section** Geol

**File No.** 21-22.

**Serial No.** 2

**No.** ~~1647~~ 1639.

To B. Jagannadham Esq I.C.S.
Director, Dept of Geology

Dear Sir,

With reference to your letter no 204 & 11-8-22 regarding the request of the United Steel companies Ltd. for the levy of a ~~special~~ low rate of royalty on low grade manganese ore, I am desired to request that files of ~~papers~~ papers relating to G.O. no 1292-1340 & 6-12-1906 ~~relating to correspondence~~ explaining and any such papers showing the circumstances under which a lower rate of royalty was levied on manganese ores extracted by the Wolkingham Iron & Steel Co or their predecessors may be forwarded to

over. P.T.O.

to the office for reference
kindly. The file will be

returned when no longer required. The maps
kindly be
may be retained if required.

Yours truly.

MM 7/9

For Archæological Gloss.

*List of enclosures.*

*Copied by*

*Examined by*

Geol 21-22-3. 2 1481 26

25-9-22

D.O. No. 473

Encs: 2 files

Mysore Geological Department.

Bangalore, 23/9/1922.

GEN. & REV. SECRETARIAT 25 SEP 1922 INDUSTRIES & COMMERCE BRANCH.

Geo. Put up with the papers Mr 24/9

Dear Sir,

In compliance with your D.O.No.I.C.1639/Geol.21-22, dated 14th September 1922, I forward to you herewith this office File No.402/06-07 leading to Government Order No.1293-1340, dated 4th December 1906, prescribing the terms for the grant of prospecting licenses for Manganese and Chrome ores, together with file No.8 of 1913-14 relating to a reduction of the rate of royalty on manganese ore payable by the Workington Iron & Steel Co., Ltd.

They may kindly be returned to this office when done with.

Yours sincerely,

B. Rangachar

M.S.Ramachendra Rao, Esq., B.A.,
Assistant Secretary,
General and Revenue Secretariat,
Bangalore.

G. R. S. VI—G/32]

SUBJECT.....

.....

.....

*Diary No. of letter replied to* 1481

General and Revenue Secretariat

( )

, *the* 191 .

Date of issue 13th Nov 1922

Signed by Mr. M. S. R Row

Section Geol

File No. 21-22

Serial No 4

No. 3066. Revenue.

To Dr W.F. Smeeth MA. D.Sc.
Director of Mines & Geology
in Mysore.

Sir,

I am directed to forward herewith a copy of telg no 204 dt 11-8-22 from the Director, Dept of Geology, together with a copy of its enclosure regarding the grant of a special low rate of royalty on low grade manganese ores & a reduction of the rate of royalty payable under the mineral licenses & leases held by the Mysore Steel companies Ltd, Workington Iron & Steel Branch, Shimoga, from 10 as to 4 annas

over.

P.T.O.

figure" and to request the favour of your opinion in the matter at an early date.

I have etc

[illegible] 10/11/11
Director, Geol. Survey.

*List of enclosures.*

*Copied by.*

*Examined by*

23579

No. 431

5, St. Mark's Road,

BANGALORE, 28th November 1922.

REV. SECRETARIAT 29 NOV 1922

2494 & C.

From

Dr. W. F. Smeeth, M.A., D.Sc., &c.,

Director of Mines and Geology in Mysore.

REV. D. 29 NOV 192

Geol. 21-22-5

To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
General Department, Bangalore.

S i r,

I have the honour to acknowledge receipt of our No.IC.3066/Geol.21-22-4 dated the 13th Novr. '22 regarding the levy of a special low rate of royalty on Manganese Ore exported by the Workington Iron and Steel Coy.

2 I agree with the proposals of the Director of the Geological Department viz., that the rates of royalty for any new Licenses and Leases granted to the Company should be the same as for the Kumsi and Shankar Leases i.e.,

for low grade ores (44% and under) 6 as. per ton
for high grade ores (over 44%) 10 as. per ton.

In the first place it would be very difficult, if not impossible, to keep separate accounts for ores obtained from a number of areas at different rates of royalty.

3 The ores from the various working places are graded when they arrive at Shimoga and are put on to heaps of certain definite grades irrespective of where they have come from.

4 Corresponding graded stocks are formed at Marmugoa and the result is that any train load from Shimoga and a n y ship from Marmugoa will contain variable amounts of ore from a number of localities.

5 Quite apart from this we have to consider the actual amount of royalty which can reasonably be levied. The rates under the existing rules viz., 12 as. for low grade and Rs.1-4-0

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for high grade ores are so high as to be almost prohibitive and must tend to seriously restrict work and confine it to the picking out of small quantities of the higher grade ores leaving much larger quantities of lower grade material practically unmarketable.

6 My advice would be to reduce these rates to 6 as. and 10 as. respectively for such areas as may be thrown open for work. If Government are not prepared to make this reduction immediately I would at least advocate the policy of allowing a rebate to any proprietor who is prepared or able to work on a large scale. For instance, a proprietor who was in a position to ship 20,000 tons in a year would get a rebate at the end of the year which would reduce the royalties to the lower rates. I see no immediate prospect of this being done by any one but the Workington Company and the rebate would lead to certain difficulties of operation and contracting and I would much prefer to see the rates reduced to 6 as. and 10 as.

7 With regard to the Workington Company I have for many years past urged that they should keep the grade of ore exported as low as possible. They have a considerable amount of low grade ore on hand but up to quite recently they have not been able to export any of it. A few months ago owing to a fall in freights they have been able to enter into contracts for a comparatively large supply. The contracts are, I believe, conditional on favourable freights at certain times of the year and involve the shipping of a large tonnage which must amount to at least 20,000 tons a year, otherwise they cannot get the 15% rebate from the Railways which it is vital that they should obtain. The ores which they are now shipping all come under the 6 as. rate of royalty and are really accumulated stocks which they had previously mined and stored. I cannot see how they can make any real profit on the sale of these ores - if there is a profit it must be very small but at any rate,

they will be getting some of their money back.

8 The stocks on hand will not last very long and if they are to be in a position to take on a contract for several years they must obtain further supplies from their new areas. Now the new areas would normally come under the present rates of royalty viz., 12 as. and Rs.1-4-0 and I am quite satisfied that these rates would prove prohibitive. Even if these rates did not stop work completely they would mean the taking out of smaller quantities of somewhat higher grade in order to cover expenses. This would mean abandoning much low grade ore which would be below the crucial limit.

9 At present they are trying to make ores of 38 to 44% to pay their expenses. I dont know if they will be successful but I am sure that an additional royalty of 6 as. would mean having to raise the grade to 42 or 44% and abandoning t h e lower grades.

10 This is not to the interest of Government as the royalty to be obtained depends on tonnage and it would pay Government much better to have a large tonnage over a considerable period of years rather than a much smaller tonnage for a few years at a higher rate of royalty.

11 For the sake of convenience therefore I would make the rates of royalty the same for all properties worked b y the Company and I would fix the rate at 6 as. for low grade and 10 as. for high grade. By high grade we mean ores of 44% and over although in the Central Provinces such ore would be classed as 2nd or 3rd grade.

12 If this is agreed to, I would inform the Company of this decision at once to enable them to negotiate definite contracts at special freight rates and if they are able to do business I would be prepared, subsequently, to reduce the rate for low grade ores to 4 as. if we find it possible to bring into the scheme further quantities of still lower grade material

- say down to 33 or 35%.

13 As regards payment of the royalty I suggest that payment should be made on despatch of the Ore from Shimoga based on railway weights and from on certificates from the Superintendent of the Company giving the percentage of Manganese of the ore as delivered into the train. For train loads over 44% Manganese the rate to be 10 annas and for train loads of 44% and under the rate to be 6 as.

14 The various shipments will be independently analysed at the home port on behalf of buyers and the analyses will be accepted by the Railway Company and the Superintendent may be asked to furnish copies of these as a check against the grade of ore exported and to furnish at the close of each year a statement showing stocks of low and high grade ores at Marmugoa at the commencement and close of the year, and the quantities railed from Shimoga and shipped from Marmugoa during the year. This will form a convenient and inexpensive check on the progress of operations and keep Government informed of the trend of events.

I have the honour to be,
Sir,
Your most obedient Servant,

Director of Mines and Geology.

/4363/ Geol 21-12-6

No/ & 13th January 1923

Encs One file.

The Director of Geology,

B a n g a l o r e.

S i r,

With reference to correspondence ending with your letter No.473 dated 23rd Septr. 1922 forwarding for the orders of Govt. a copy of a letter received from the Supdt., of the ~~Inxxx~~ United Steel Cos., Ltd., in the matter of reducing the existing rates of royalty levied on manganese ore and recommending that ~~the~~ in the cases of new licenses held by them over certain prospecting blocks in Kumsi and Shankargudda State Forests, the rates of 12 annas and ~~One~~ Rupee 1-4-0 per ton of low and high grade ores respectively, be reduced to 6 annas and 10 annas per ton so as to be ~~uniform~~ uniform with the rates that are being levied in the case of leases already held by the Company over Kumsi and Shankargudda blocks and stating further that the Company's request to levy a special low rate of royalty for interior ores need not be favourably viewed, I am directed to state that Govt. regret their inability to further reduce the rates of royalty as requested by the Company and recommended by you. // The file of papers received with your letter under reference is herewith returned.

Recd 9-1-23

I have etc.,

8.1.23

8.1.23

For Secretary to Government